

**2019-2020**

# **Tax Levy Limit & Budget Considerations**

Huntington Union Free School District

Board of Education Meeting

Monday, February 4, 2019

# Tax Levy v. Tax Rate

- **Tax Levy** (total taxpayer monies collected) =  
Projected spending  
*minus* state aid  
*minus* appropriated fund balance  
*minus* other revenues  
(covered **84%** of current year expenditures)
- **Tax Rate** = individual \$ rate per hundred of assessed value (used to calculate tax bill)  
(= tax levy/total district assessed value x 100)

# Statutory Guidelines

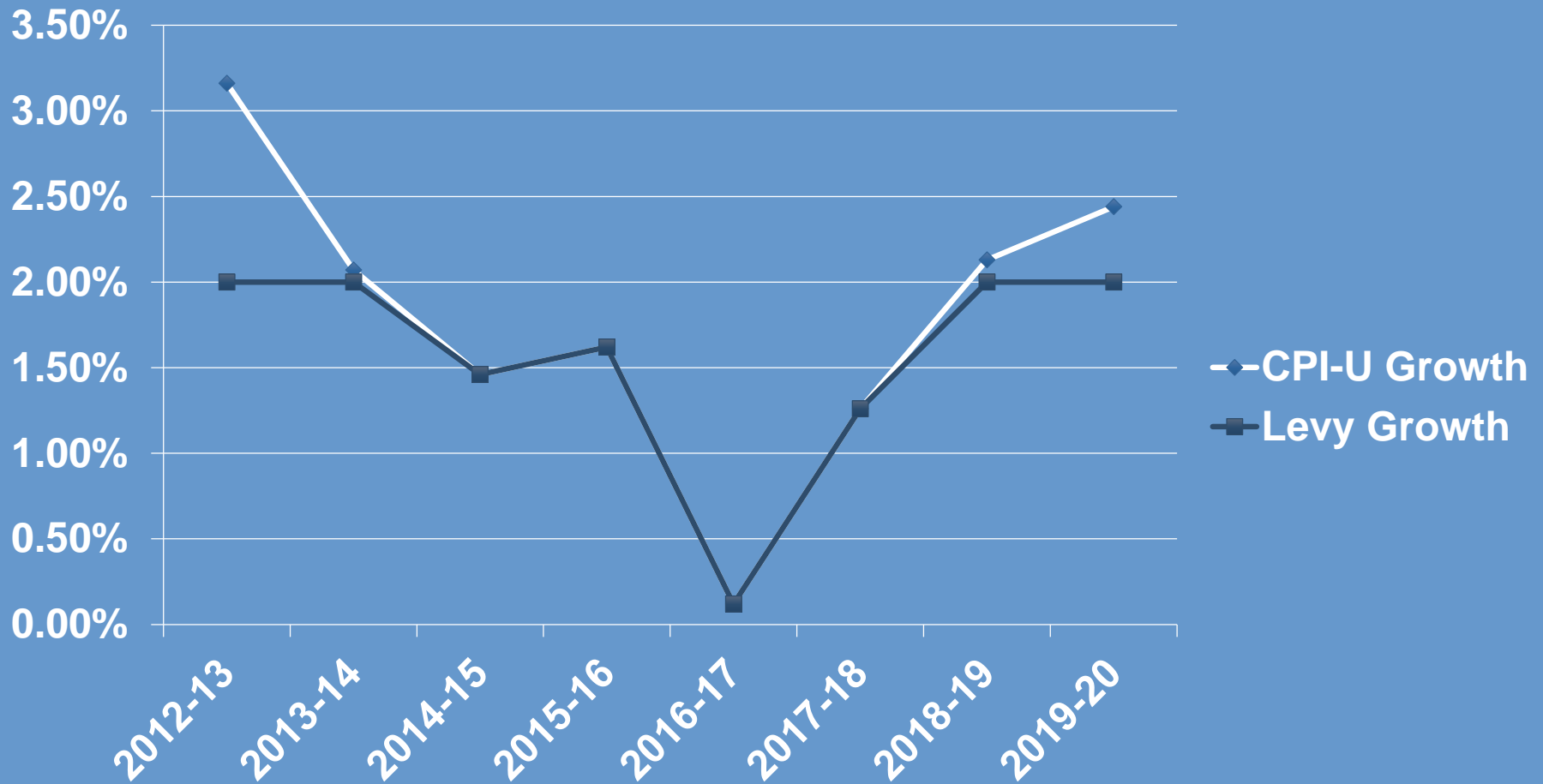
- **Allowable levy growth factor** = amount exceeding the previous year's levy by the lesser of:  
(2% + exclusions) **or** (Inflation rate + exclusions)
- Rate of inflation determined by the average monthly **CPI-U growth** for year ending **12/31/18**
- The average monthly CPI-U growth for 2018 = 2.44%
- Allowable levy growth factor for 2019-2020 = **2.00%**

# Allowable Levy Growth Factors since Inception

SCHOOL YEAR	CPI-U GROWTH (prior calendar year)	ALLOWABLE LEVY GROWTH FACTOR
2012-2013	3.16%	2.00%
2013-2014	2.07%	2.00%
2014-2015	1.46%	1.46%
2015-2016	1.62%	1.62%
2016-2017	0.12%	0.12%
2017-2018	1.26%	1.26%
2018-2019	2.13%	2.00%
2019-2020	2.44%	2.00%

Source: Office of the State Comptroller

# Allowable Levy Growth Factor since Inception



Source: Office of the State Comptroller

# Clarifications

- Although commonly referred to as a “2% tax cap,” allowable levy limit may be higher due to permissible **exclusions**
- Law does not cap property owner’s actual tax bill; applies to the **tax levy only**

# **2019-2020 Tax Levy Limit Calculation**

# Calculation STEP 1 ...

1. Identify total amount of **taxes levied** in 2018-19  
(final adoption October 2018):

**\$107,625,213**

# STEP 2 ...

2. Multiply by state-determined **tax base growth factor**  
increases levy limit to reflect:
- new construction
  - newly taxable status of existing properties
  - improvements to taxable properties
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**HUFSD Growth Factor = 1.0013\***

(\*Source: Office of Real Property Tax Services)

$$\text{\$107,625,213} \times 1.0013 = \text{\$107,765,126}$$

## STEP 3 ...

3. Add **PILOTs** (Payments in Lieu of Taxes) **receivable** in 2018-19:

$$\begin{array}{r} \$107,765,126 \\ + \quad \underline{103,716} \text{ (18-19 PILOTs)} \\ \$107,868,842 \end{array}$$

# STEP 4 ...

## 4. Subtract applicable **2018-19 exemptions:**

→ Tort judgments > 5% of 2018-19 tax levy – **N/A**

→ 2018-19 Capital Tax Levy – **N/A**

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**ADJUSTED 2018-19 TAX LEVY = \$107,868,842**

(Steps 1 x 2 + 3 – 4)

# STEP 5 ...

5. Multiply by 1 + **allowable levy growth factor**  
(the lesser of 2% or inflation rate):

\$107,868,842

x 1.02

**\$110,026,219**

(limit prior to 2019-20 adjustments)

# STEP 6 ...

6. Subtract **PILOTs receivable** in 2019-20:

**(\$101,219)\***

\*Sources: Suffolk County Industrial Development Agency  
Town of Huntington

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2019-20 PILOTs include:

- LI Industrial Partners (GSM LI LLC, 151-169 East 2<sup>nd</sup> St.) \$43,537.51
  - LI Industrial Partners (GSM LI LLC, 171-177 East 2<sup>nd</sup> St.) 45,596.19
  - Gateway Gardens 12,085.00
- \$101,218.70**

# STEP 7 ...

7. Add **available carry-over** from prior fiscal year:

**\$475,611**

# STEP 8 ...

## 8. Add **2019-20 exemptions**:

- Tort judgments > 5% of 2019-20 tax levy = **\$0**
- 2019-20 Capital Tax Levy = **\$0**
- ERS contribution above 2% increase = **\$0\***
- TRS contribution above 2% increase = **\$0\*\***

\* 19-20 ERS anticipated contribution rate = 14.60% (less than 14.90% rate for 18-19)

\*\* 19-20 TRS anticipated contribution rate = 8.86% (less than 10.62% rate for 18-19)

# 2019-2020 Tax Levy Limit

\$110,026,219 (prior to PILOTs/exclusions)

- 101,219 (estimated 19-20 PILOTs)

+ 475,611 (available carryover)

+ 0 (exemptions)

**\$110,400,611\***

**\*2.58% over 2018-19 levy (equivalent to \$2,775,398)**

**Huntington Union Free School District**  
**Property Tax Cap Calculation under Chapter 97 of the Laws of 2011**  
**2019-2020**

	2018-2019 Approved Actual Tax Levy	\$107,625,213	
(multiply)	Tax Base Growth Factor (per ORPS)	1.0013	
		<u>107,765,126</u>	
		107,765,126	
(add)	2018-2019 PILOTs	103,716	
	<b>Total</b>	<u><b>107,868,842</b></u>	
	<b><u>Prior Year Exemptions</u></b>		
(subtract)	Tort judgments greater than 5% of 2018/19 tax levy	0	
(subtract)	2018-2019 Capital Tax Levy (including debt service & EPC less building aid)	0	
	<b>Adjusted Prior Year Tax Levy</b>	<u><b>107,868,842</b></u>	
(subtract)	Adjusted Prior Year Tax Levy	107,868,842	
(multiply)	Allowable Levy Growth Factor	2.00%	
	[lesser of 2 percentage points or CPI]	<u><b>110,026,219</b></u>	
		110,026,219	
	2019-2020 PILOTs	(101,219)	
	<b>Total</b>	<u><b>109,925,000</b></u>	
		109,925,000	
(add)	Available Carryover	475,611	
	<b>Tax Levy Limit</b>	<u><b>110,400,611</b></u>	
	Tax Levy Limit (to be published on Budget Notice & PTRC)	110,400,611	
	<b><u>Current Year Exemptions</u></b>		
(add)	1.) Tort judgments greater than 5% of 2019/20 tax levy	0	
(add)	2.) ERS contribution increase greater than 2 percentage points	0	
(add)	3.) TRS contribution increase greater than 2 percentage points	0	
(add)	4.) 2019/20 Capital Tax Levy (including debt service less building aid)	0	
	<b>Allowable Tax Levy prescribed by Chapter 97 of the Laws of 2011</b>	<u><b>\$110,400,611</b></u>	<b>2.58%</b>
	(with a simple majority vote)		

<b>Adopted 2018/19 Tax Levy:</b>	<b>\$107,625,213</b>	<b>\$2,775,398</b>
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This analysis projects the 2019 - 2020 Allowable Tax Levy based on numerous assumptions.

# Board Options

## OPTION 1:

- Propose budget with tax levy **at or below** prescribed level
- Requires simple majority (50% + 1 vote)
- Eligible residents will receive associated state tax rebate

## OPTION 2:

- Propose budget with tax levy **above** prescribed level (“pierce the cap”)
- Required “super majority” (60% approval)
- Residents ineligible for state tax rebate

# Executive Budget Proposal Highlights

## Foundation Aid:

- The only true discretionary aid category
- Proposal calls for total \$338 million increase (1.9%) statewide; includes \$50 million Community Schools set-aside
- Focus on equitable allocations within districts
- Huntington slated for lean **\$49,615** (0.52%) increase for 2019-20
- If formula were fully funded, Huntington would receive an additional **\$9,873,484** in 2019-20 (not a typo)

## Expense-Based Aids (“You get back over time a portion of what you spend on specific items”):

- Proposal calls for total \$410 million increase statewide
- Merged categories (“Services Aid”) proposed for 2020-21

# Executive Budget Proposal Highlights

## **Proposed New or Increased Grant Programs:**

- Pre-K expansion for 3 and 4 year-olds (\$15 million)
- After-school programs (\$10 million)
- Early college high schools (\$9 million)
- Computer science education (\$6 million; \$30 million over 5 years)
- Public-private educational partnerships (\$5 million)
- Teacher recruitment in shortage areas (\$3 million)
- Restorative practices (\$3 million)
- Master teacher program (\$1.5 million)

# Executive Budget Proposal Highlights

## **Proposed Legislative Changes:**

- Make tax cap legislation permanent
- APPR return to local measures of performance
- School bus traffic safety (increased fines/paid to districts, contracts for stop-arm cameras on buses)
- Change income eligibility for Basic STAR Exemption from \$500K to \$250K

# Budget Development Timeline

**Feb. 25; Mar. 11/25; Apr. 8, 2019** – Budget meetings organized by topic

**March 1, 2019** – Tax levy limit calculation submitted to state comptroller

**April 15, 2019** – HUFSD BOE budget adoption

**May 13, 2019** – Public budget hearing

**May 21, 2019** – Budget vote/BOE election